

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	501.32	501.32	496.32	496.32	501.32	496.32	(5.00)	(1.00)%
Personal Services	26,414,388	27,777,775	28,817,101	28,809,873	54,192,163	57,626,974	3,434,811	6.34 %
Operating Expenses	8,518,672	8,241,535	9,101,910	9,131,899	16,760,207	18,233,809	1,473,602	8.79 %
Equipment & Intangible Assets	0	90,000	100,000	25,000	90,000	125,000	35,000	38.89 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Grants	19,932,959	21,146,654	21,935,785	21,935,785	41,079,613	43,871,570	2,791,957	6.80 %
Benefits & Claims	255,836,642	281,277,033	78,286,148	78,936,598	537,113,675	157,222,746	(379,890,929)	(70.73)%
Transfers	2,286,044	2,587,919	2,286,044	2,286,044	4,873,963	4,572,088	(301,875)	(6.19)%
Total Costs	\$312,988,705	\$341,120,916	\$140,526,988	\$141,125,199	\$654,109,621	\$281,652,187	(\$372,457,434)	(56.94)%
General Fund	30,266,181	34,450,545	32,491,704	32,499,872	64,716,726	64,991,576	274,850	0.42 %
State/Other Special Rev. Funds	2,425,380	2,959,004	2,553,304	2,555,082	5,384,384	5,108,386	(275,998)	(5.13)%
Federal Spec. Rev. Funds	280,297,144	303,711,367	105,481,980	106,070,245	584,008,511	211,552,225	(372,456,286)	(63.78)%
Total Funds	\$312,988,705	\$341,120,916	\$140,526,988	\$141,125,199	\$654,109,621	\$281,652,187	(\$372,457,434)	(56.94)%

Program Description

The Human and Community Services Division (HCSD) contains five bureaus: 1) Public assistance policy and systems; 2) Public assistance field services; 3) Early childhood services; 4) Intergovernmental human services (IHSB); and 5) Fiscal.

HCSD's purpose is to support and strengthen families and communities by promoting employment and providing those in need with assistance to meet their basic needs and move out of poverty. The division administers or contracts for a variety of services including, but not limited to, the following: cash assistance, employment training, supplemental nutrition assistance (formerly food stamps), Medicaid, child care, meal reimbursement, nutrition training, energy assistance, and weatherization. Further detail on these programs can be found on the division's website: <http://www.dphhs.mt.gov/hcsc/index.shtml>.

Program Highlights

The highlights and discussion will reference changes from the FY 2015 budget as appropriated by the 2013 Legislature rather than from FY 2014 actuals or the FY 2015 appropriation as implemented by the executive. The FY 2015 legislative base is slightly higher than the executive implementation due primarily to a transfer of 1.00 FTE and associated authority for the Tribal Relations position from HCSD to the Director's Office.

**Human and Community Services Division
Major Budget Highlights**

- Major decreases to the budget are primarily in federal fund reductions for:
 - Reclassification of \$363.9 million in the Supplemental Nutrition Assistance Program (SNAP) from HB 2 to a statutory appropriation
 - Decreases of \$20.7 million and \$20.0 million in benefits due to decreased caseloads in FY 2014 in TANF, child care, and weatherization from the level anticipated by the legislature that are continuing in the 2017 biennium
- New proposals, aside from the SNAP reclassification, total \$6.6 million, which includes funding to:
 - Increase the TANF payment standard to 35% of the current federal poverty level (FPL)
 - Continue funding for the Child Care Best Beginnings STARS to Quality Program
 - Transition of 8.00 FTE approved by the executive in the interim from modified to permanent

Program Discussion -

The various programs administered by HCSD can be broken into three categories.

- Public Assistance
- Early Childhood Services
- Intergovernmental Human Services (Energy, Weatherization, and Commodities)

The Public Assistance Field Services Bureau provides eligibility services for and the Public Assistance Policy and Systems Bureau administers:

- Temporary Assistance to Needy Families (TANF)
- Refugee Assistance
- Supplemental Nutrition Assistance Program (SNAP)
- Medicaid coverage including Healthy Montana Kids (HMK)

The Early Childhood Services Bureau:

- Manages child care funds for TANF participants, working caretaker relatives, and low-income working families
- Contracts with resource and referral agencies to administer child care eligibility, recruit providers, and provide technical assistance
- Administers the Child and Adult Care Food Program, which provides reimbursement to child care providers for the cost of meals served to eligible children and adults
- Administers the Head Start State Collaboration grant
- Administers the Early Childhood Comprehensive Systems Grant
- Manages the funds that pay for quality child care initiatives including professional development

The Intergovernmental Human Services Bureau is responsible for:

- The Community Services block grant, which is used by 10 Human Resource Development Councils to provide a wide range of community-based human services
- The Low-Income Energy Assistance Program
- Weatherization programs
- The Emergency Solutions Grants program
- The Housing Opportunities for Persons with AIDS grants

- Three USDA commodities programs
- Storage and distribution of USDA commodity foods to elderly feeding sites, and USDA commodity foods for school lunch programs

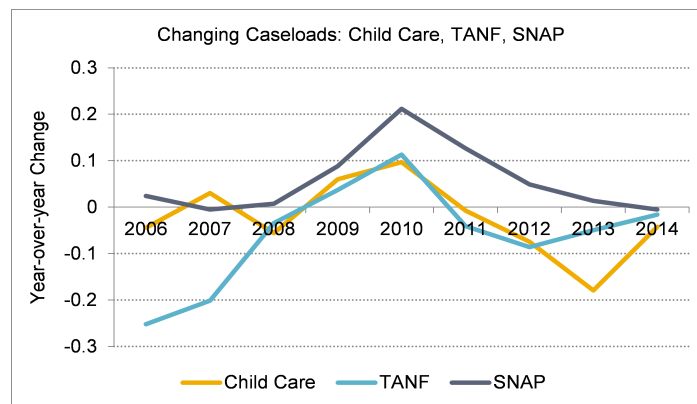
Major Budgetary Changes

The most significant change in the budget is the reduction in federal fund benefits. This reduction is almost entirely due to the executive's recommendation to move SNAP federal funding from HB 2 to a statutory appropriation, which results in a \$363.9 million decrease over the biennium.

Other benefits funding sees a large decrease in the budget request. In FY 2014, division spending was nearly \$25.0 million below the level anticipated. Most of the unused authority was transferred from this division to various Medicaid programs to cover anticipated shortfalls. These transfers of authority are discussed in the agency summary. As a result, benefit funding in FY 2016 is \$20.7 million and in FY 2017 is \$20.0 million below the FY 2015 appropriation, disregarding SNAP. The 2017 biennium benefits request for HB 2 both as requested by the executive and including SNAP benefits funding can be seen in the table below.

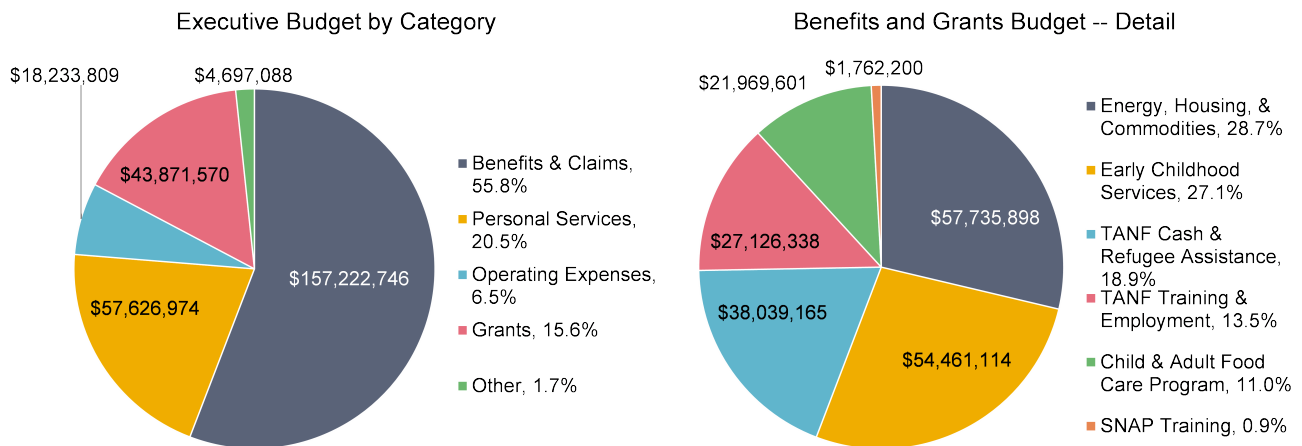
Comparison of Human & Community Services HB 2 Benefits Request (\$ Millions)					
Budget Item	2015	2016	% Change	2017	% Change
Benefits & Claims Inc. SNAP	\$281.3	\$260.2	-7.5%	\$260.9	-7.2%
Benefits & Claims Exc. SNAP	90.3	78.3	-13.3%	78.9	-12.6%

This reduction was due in large part to decreased caseloads in TANF, SNAP, and child care. The following chart shows the change in average monthly caseload from year to year for each of these three programs. Child care and TANF caseloads have been shrinking since 2011, and SNAP began to decline from FY 2013 to FY 2014.



Primary Expenditures

Benefits and grants combine to make up 71.3% of the executive's proposed budget for HCSD as seen in the figure on the left. These funds support TANF - both cash and non-cash assistance, early childhood services such as child care and education, energy and weatherization, the child and adult care food program, SNAP training, and refugee assistance. The breakdown of the benefit and grant funding can be seen in the figure on the right. Note that these figures do not include general SNAP benefits, which the executive recommends for statutory appropriation.



Personal services is the secondary driver in HCSD expenditures at 20.5% of the requested budget. The increase in personal services over the FY 2015 legislative appropriation is just under \$1.3 million in each year of the 2017 biennium. The majority of this increase is due to adjustments for items like annualization of the 2015 biennium pay plan, with just under \$160,000 in each year allocated to a request to transition 8.00 modified FTE to permanent positions.

Most of the FTE in HCSD work in the offices of public assistance (OPAs) throughout the state, completing eligibility determination and working directly with recipients of assistance.

Funding

The following table shows proposed program funding by source from all sources of authority.

Economic Security Services Branch, 02-Human and Community Services Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	64,991,576	0	0	64,991,576	23.08 %
02375 6901-02 Indrct Activity Prog 02	2,833,577	0	0	2,833,577	55.47 %
02515 School Lunch OPI/Warehouse	0	0	0	0	0.00 %
02688 6901-TANF Overpayments	130,000	0	0	130,000	2.54 %
02698 69010-Prevention&Stabilization	1,665,164	0	0	1,665,164	32.60 %
02772 Tobacco Hlth & Medico Initiative	67,634	0	0	67,634	1.32 %
02974 UNIV LOW INCOME ENERGY ASSISTANCE	412,011	0	0	412,011	8.07 %
State Special Total	\$5,108,386	\$0	\$0	\$5,108,386	1.81 %
03066 81.042 BPA	958,881	0	0	958,881	0.45 %
03096 Discretionary Child Care	21,122,460	0	0	21,122,460	9.98 %
03109 TANF Benefits	47,822,538	0	0	47,822,538	22.61 %
03135 HOPWA HELP Plus	960,000	0	0	960,000	0.45 %
03168 CACFP Child Care Wellness	0	0	0	0	0.00 %
03181 PARIS STATE PARTNERSHIP GRANT	0	0	0	0	0.00 %
03236 Child Nutrition	21,463,867	0	0	21,463,867	10.15 %
03250 Child Care Manditory/MOE	3,597,650	0	0	3,597,650	1.70 %
03251 Child Care Admin	892,924	0	0	892,924	0.42 %
03252 Child Care Matching	11,040,374	0	0	11,040,374	5.22 %
03299 Support Pregnant & Parent Teen	0	0	0	0	0.00 %
03382 03 Indirect Activity Prog 02	35,188,951	0	0	35,188,951	16.63 %
03448 6901-Early Childhood Comp Sys	67,959	0	0	67,959	0.03 %
03467 6901-Homeless Mgmt Info Systm	154,350	0	0	154,350	0.07 %
03513 CHIPRA Bonus	0	0	0	0	0.00 %
03519 93.045 - Aging Meals 100%	100,685	0	0	100,685	0.05 %
03523 93.566 - Refugee Soc. Serv	61,112	0	0	61,112	0.03 %
03530 6901-Foster Care 93.658	1,287,666	0	0	1,287,666	0.61 %
03539 93.600 Headstart	85,186	0	0	85,186	0.04 %
03544 10.561 - FS E & T - 50%	413,956	0	0	413,956	0.20 %
03545 10.561 - FS E & T - 100%	458,280	0	0	458,280	0.22 %
03546 10.561 - FS Adm - Fed Exp 50%	1,783,654	0	0	1,783,654	0.84 %
03547 10.568 - Emerg Food Assist 100	361,290	0	0	361,290	0.17 %
03548 10.569 - Food Distr - Fed Exp	4,746,016	0	0	4,746,016	2.24 %
03550 14.231 - Emerg Shelter - HUD 5	1,376,628	0	0	1,376,628	0.65 %
03552 81.042 - Weather Ben 100%	4,208,915	0	0	4,208,915	1.99 %
03571 93.566 - Off Ref Reset Adm 10	118,888	0	0	118,888	0.06 %
03572 93.568 - LIEAP Blk Grt Adm	42,110,834	0	0	42,110,834	19.91 %
03573 93.569 - CSBG Adm	6,240,964	0	0	6,240,964	2.95 %
03580 6901-93.778 - Med Adm 50%	1,122,676	0	0	1,122,676	0.53 %
03677 6901-CACFP 10.558 & 10.560	1,584,653	0	0	1,584,653	0.75 %
03678 6901-Food Stamp Benefits	0	0	0	0	0.00 %
03679 6901-HOPWA CFDA#14-241	964,578	0	0	964,578	0.46 %
03825 Department of Energy WTC	0	0	0	0	0.00 %
03826 Healthy Montana Teen Parents 2	22,497	0	0	22,497	0.01 %
03901 Head Start St Advcs Council ARRA	0	0	0	0	0.00 %
03965 CSFP	1,233,793	0	0	1,233,793	0.58 %
Federal Special Total	\$211,552,225	\$0	\$0	\$211,552,225	75.11 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$281,652,187	\$0	\$0	\$281,652,187	

The majority of the HB 2 budget for HCSD as requested by the governor comes from federal funding at 75.1% of total funding. Federal funds are used for the direct provision of benefits and/or the programs supporting benefit recipients. General fund makes up 23.4% of the funding with the remainder covered by state special revenue funds. State funds primarily cover personal services and maintenance of effort (MOE) requirements for receipt of some federal funding sources.

The TANF Block Grant

Aside from general fund, the largest single funding source in the HCSD HB 2 request is the TANF block grant. This funding comes in as a capped grant of around \$38 million per year; it has an associated MOE requirement, which is around \$13.1

million per year for Montana. High level revenue and expenditures for the block grant can be seen in the table below. The FY 2014 ending fund balance is \$40.4 million and assuming continuation of the block grant and the requested expenditures including the 2015 legislative appropriation, the projected ending fund balance at the close of the 2017 biennium would be \$31.3 million.

TANF Block Grant by Fiscal Year (\$ Millions)						
	SFY 2012	SFY 2013	SFY 2014	SFY 2015*	SFY 2016*	SFY 2017*
Carryover from Prior Year	\$45.0	\$42.4	\$39.3	\$40.4	\$33.4	\$32.6
Current Grant Amount	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>
Total Funds Available	83.1	80.5	77.4	78.4	71.5	70.6
Expenditures	29.5	29.7	26.7	34.8	29.9	30.3
Transfers	<u>11.2</u>	<u>11.4</u>	<u>10.3</u>	<u>10.3</u>	<u>9.0</u>	<u>9.0</u>
Total Funds Expended	40.7	41.1	37.0	45.0	38.9	39.3
Carryover to Next Year	\$42.4	\$39.3	\$40.4	\$33.4	\$32.6	\$31.3

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	34,364,835	34,364,835	68,729,670	105.75 %	339,575,661	339,575,661	679,151,322	241.13 %
PL Adjustments	(3,232,434)	(3,223,911)	(6,456,345)	(9.93)%	(21,280,325)	(21,060,024)	(42,340,349)	(15.03)%
New Proposals	1,359,303	1,358,948	2,718,251	4.18 %	(177,768,348)	(177,390,438)	(355,158,786)	(126.10)%
Total Budget	\$32,491,704	\$32,499,872	\$64,991,576		\$140,526,988	\$141,125,199	\$281,652,187	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law										
0.00	(1,178,421)	(9,587)	2,040,825	852,817		0.00	(1,177,306)	(8,765)	2,032,625	846,554
DP 99 - LEG. Present Law										
0.00	(2,054,013)	(406,020)	(19,673,109)	(22,133,142)		0.00	(2,046,605)	(405,019)	(19,454,954)	(21,906,578)
Grand Total All Present Law Adjustments										
0.00	(\$3,232,434)	(\$415,607)	(\$17,632,284)	(\$21,280,325)		0.00	(\$3,223,911)	(\$413,784)	(\$17,422,329)	(\$21,060,024)

DP 98 - LEG. Personal Services Present Law -

This adjustment includes all personal services present law as requested by the executive; this includes statewide present law personal services adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2. Included below is a table that has the personal services present law (PSPL) broken out by some of its component parts for a more detailed understanding of the adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	488.32	\$82,484	\$10,224	\$144,616	\$237,324
Exec. Implementation of 2015 Pay Increase	0.00	159,373	19,503	284,937	\$463,813
Fully Fund 2015 Legislatively Authorized FTE	0.00	28,339	8,298	71,609	\$108,246
Other	0.00	14,514	1,542	27,378	\$43,434
Personal Services Present Law Adjustments	488.32	\$284,710	\$39,566	\$528,540	\$852,817
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	488.32	82,484	10,224	144,616	237,324
Exec. Implementation of 2015 Pay Increase	0.00	159,373	19,504	284,936	463,813
Fully Fund 2015 Legislatively Authorized FTE	0.00	28,339	8,298	71,609	108,246
Other	0.00	10,794.11	1,711.03	24,666.34	37,171
Personal Services Present Law Adjustments	488.32	\$280,990	\$39,736	\$525,828	846,554

DP 99 - LEG. Present Law -

This adjustment reflects all present law requests by the executive that are unrelated to personal services, including statewide present law adjustments for inflation and fixed costs. In addition to the statewide adjustments, the executive requests adjustments related to maintenance of existing services. Some of these changes are broken out below. The "Other" category includes lease adjustments for the Offices of Public Assistance (OPA), authority for the displacement and resettlement program to spend its full federal grant amount, and decreases due to declining caseloads as discussed under "Major Budgetary Changes" above.

Present Law Adjustments					
FY 2016					
CP 99 PL Item	FTE	General Fund	State Special	Federal Special	Total Funds
TANF Authority to Grant Level	0.00	\$0	\$0	\$1,503,367	\$1,503,367
Other	0.00	(2,054,013)	(406,020)	(21,176,476)	(23,636,509)
Present Law Adjustments	0.00	(\$2,054,013)	(\$406,020)	(\$19,673,109)	(\$22,133,142)
FY 2017					
CP 99 PL Item	FTE	General Fund	State Special	Federal Special	Total Funds
TANF Authority to Grant Level	0.00	\$0	\$0	\$1,503,367	\$1,503,367
Other	0.00	(2,046,605)	(405,019)	(20,958,321)	(23,409,945)
Present Law Adjustments	0.00	(\$2,046,605)	(\$405,019)	(\$19,454,954)	(\$21,906,578)

TANF Authority to Grant Level – The executive requests additional federal TANF funding to bring TANF non-cash assistance authority up to the amount of the grant.

**LFD
COMMENT**

This request encompasses grants for Family Economic Security, child care for working caretaker relatives, TANF MOST after school program, adult basic education, and others.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals										
Fiscal 2016					Fiscal 2017					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 202104 - SNAP Benefits Statutory Appropriation										
0.00	0	0	(181,958,071)	(181,958,071)	0.00	0	0	(181,958,071)	(181,958,071)	
DP 202106 - TANF FPL/Benefits Update										
0.00	0	0	2,558,350	2,558,350	0.00	0	0	2,937,225	2,937,225	
DP 202217 - Child Care STARS to Quality - OTO										
0.00	1,200,000	0	0	1,200,000	0.00	1,200,000	0	0	1,200,000	
DP 202219 - OPA Operations										
8.00	159,303	20,252	251,818	431,373	8.00	158,948	20,207	251,253	430,408	
Total	8.00	\$1,359,303	\$20,252 (\$179,147,903)	(\$177,768,348)	8.00	\$1,358,948	\$20,207	(\$178,769,593)	(\$177,390,438)	

DP 202106 - TANF FPL/Benefits Update -

The executive requests additional federal TANF funding to support increases in benefits associated with an increase of the payment standard to 35% of the 2015 Federal Poverty Level (FPL) in FY 2016 and 35% of the 2016 FPL in FY 2017. TANF benefits are currently paid at 33% of the 2011 FPL.

**LFD
COMMENT**

Calculations for this request are based on the average number of families per month in FY 2014. The increase is larger for FY 2015 as the proposed FPL will be moving ahead 4 years, whereas it will only move forward 1 year from FY 2015 to FY 2016.

DP 202219 - OPA Operations -

The executive requests funding to transition 8.00 modified FTE approved by the Governor's Office of Budget and Program Planning (OBPP) for the 2015 biennium to permanent FTE. These positions are currently full and are supporting implementation of the Patient Protection and Affordable Care Act (ACA).

**LFD
COMMENT**

During FY 2014, HCSD had an FTE usage rate of 96.51%, which is slightly above the 96.0% funded by the 2013 Legislature. This rate does not include the 8.00 modified FTE mentioned in the decision point above and indicates that there is not funding for these positions within that allowed by the boilerplate language in HB 2.

DP 202217 - Child Care STARS to Quality - OTO -

The executive requests continuation of the OTO funding from the 2015 biennium for the Best Beginnings STARS to Quality program.

**LFD
COMMENT**

The legislature approved funding for the Best Beginnings STARS to Quality program in the 2015 biennium using CHIPRA bonus funds. The funds were restricted and HB 2 included language establishing an order of priority in the event that those funds were insufficient to fund everything for which they were appropriated.

The goals of this STARS to Quality are to improve social and emotional development and school readiness for all children. This is a voluntary quality rating improvement system that provides support and incentives to early childhood programs and early childhood professionals for working toward and meeting various quality criteria. Montana is one of 49 states that is either operating, piloting, or developing a Quality Rating Improvement System. Childcare centers achieve more "stars" in the program by moving up through or maintaining at a high level on nationally recognized rating scales as assessed by a third party. Details regarding this program can be found at <http://www.dphhs.mt.gov/hcsd/ChildCare/STARS.aspx>.

DP 202104 - SNAP Benefits Statutory Appropriation -

The executive recommends legislation to remove federal SNAP benefit funding from HB 2 and establish it as a statutory appropriation due to the pass-through and unpredictable nature of federal Supplemental Nutrition Assistance Program (SNAP) benefits. If the proposed legislation is not approved, federal SNAP authority would need to be increased by \$181,958,071 in HB 2 each year of the 2015 biennium.

The executive requests a language appropriation: "If legislation authorizing a statutory appropriation for SNAP benefits (LC 627) is not passed and approved, the appropriation for the Human and Community Services Division is increased by \$181,958,071 federal funds each year."